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SUBJECT: SERBIA: FORMER PM KOSTUNICA'S PARTY IN DISARRAY, LEAVES
VACUUM ON THE RIGHT

REF: A. BELGRADE 677, B. BELGRADE 844, C. BELGRADE 904

Summary

11. (SBU) Following its poor showing in the May parliamentary elections and its failure to form a governing coalition with the Socialist Party, former Prime Minister Kostunica's Democratic Party of Serbia (DSS) is struggling to find a new political niche. Many inside the party believe that Kostunica must resign if DSS is to reinvent itself and return to being a constructive center-right party. The lack of clear direction from the top has left DSS rudderless in both the National Assembly and the Belgrade Assembly, relegated to joining the Radical Party in obstructionist tactics rather than enunciating an alternate point of view. The ripple effects from what could be called the implosion of DSS are even being felt in the Serbian Orthodox Church and the Islamic community, where many observers see a link between internal conflicts and the new political balance of power. End summary.

Disarray within Democratic Party of Serbia

12. (SBU) In the weeks following the July 7 formation of Serbia's new government (Ref A) by President Tadic's Democratic Party and Ivica Dacic's Socialist Party, there has been widespread speculation that former Prime Minister Vojislav Kostunica would step down or be forced out as leader of the Democratic Party of Serbia. With a paltry 21 seats in the new parliament, compared to 53 at its height in 2003, the DSS is the weakest it has been since Kostunica defeated Serbian strongman Slobodan Milosevic in October 2000. The former Prime Minister has rarely appeared in public since leaving office, leaving DSS parliamentary whip Milos Aligrudic the party's day-to-day spokesperson.

13. (SBU) Kostunica is clearly sensitive to speculation that he is losing influence and has attempted to counter the rumors. His August 25 meeting with party leadership was hyped in the DSS-oriented media as evidence that Kostunica remains firmly in control of a united party. In an interview published in Politika on September 4, Kostunica declared that he had never considered leaving politics and alleged that the idea had come from "abroad." He went on to claim that the governing coalition lacked moral authority and political legitimacy because it did not reflect the will of the voters.

14. (SBU) Kostunica's desperate tone in the interview tracks with what Zoran Drakulic, president of East Point Holdings and a major financier of DSS until 2007, told us on August 26. He described Kostunica as desperate to hold on to power but without a plan to do so. Drakulic said he was disappointed that Kostunica had not stepped aside to allow the party to rebuild. Although there were individuals with the ability to take over the leadership of the party, in particular former Energy Minister Aleksandr Popovic,

Drakulic saw no one strong enough to force Kostunica out if he did not want to go. He said that DSS had already lost the financial support of prominent businessman Vojin Lazarevic, who was now funding G-17 Plus instead.

15. (SBU) Others in the party have shared similar thoughts with us. DSS Deputy Speaker of Parliament Rade Obradovic told us in mid-July that his party was in a "period of adjustment" and needed to concede defeat in order to be able to move forward; Kostunica and other top-ranking party leaders needed to withdraw from politics in order to save the party. On September 2, DSS official Milan Parivodic told us that he hoped to lead a reformed DSS in which Kostunica still played a role. When we told him that the U.S. government would not be able to work with his party under such circumstances, Parivodic indicated that he might form a new center-right party. (Drakulic and others have told us that Parivodic has almost no support within DSS, however.)

16. (SBU) In contrast to Obradovic and Drakulic, Nenad Popovic (president of Moscow-based ABS Holdings and a DSS member of parliament) appears to believe that there is no need for Kostunica to resign. Although Popovic dodged our direct question about whether Kostunica would step down, he told us that being in opposition was a "healthy opportunity" for the DSS to restructure and cleanse itself and predicted that Kostunica would take a seat in parliament by the end of the year. (Popovic, who was appointed head of the DSS Economic Council after the elections and recently published a book on the Kosovo economy, is seen as the party's main liaison to Moscow.)

DSS Adrift in Parliament, Belgrade Assembly

BELGRADE 00000913 002 OF 002

17. (U) DSS is adjusting slowly to its new role as an opposition party in the National Assembly. It has thus far refused to enter into a formal parliamentary coalition with Tomislav Nikolic's Serbian Radical Party (SRS). Many political analysts, including Vladimir Vuletic, have predicted that any effort to form a united opposition would result in a battle for primacy between the DSS and SRS. DSS would run the risk of losing its identity if it associated itself too closely with the SRS.

18. (U) The DSS and SRS cooperated to block debate on the Parliament's agenda from July 16 until September 3, however. The parties used a series of procedural maneuvers to take the floor and discuss issues not on the agenda, resulting in a decision by Speaker of Parliament Slavica Djukic-Dejanovic (SPS) on July 21 to adjourn until September 2. On August 9, DSS and SRS called jointly for Djukic-Dejanovic to resign over what they termed her threats of repressive measures.

19. (SBU) Nenad Komatina, head of the DSS's Belgrade committee and seen by some inside the party as a future leader, told us on August 25 that DSS was in a "difficult" position in the Belgrade City Assembly (Ref B) where, as on the national level, it found itself in opposition with the SRS. Komatina foresaw no prospects for a united opposition, as the two parties were simply too far apart on a wide range of issues. He also judged any future cooperation with the DS at the city level as unlikely, despite a track record of several years of fruitful cooperation in the previous coalition government.

Broader Impact in Society

110. (U) Many observers see ripple effects from DSS's instability elsewhere in society, including the Serbian Orthodox Church (Ref C). The press has claimed that the DSS's loss of power has had an impact on the ongoing dispute between Bishop Artemije, who has close ties to the DSS and SRS, and Metropolitan Amfilohije, who is associated with the DS.

111. (SBU) Similar power struggles within the Islamic community may

also have a political aspect. There are indications that the parallel organization created with Kostunica's support, the Islamic Community of Serbia headed by Mufti Adam Zilkic and previously backed by former Novi Pazar mayor Sulejman Ugljanin, is losing influence. At the August 24 opening of the Mudzahir mosque in Subotica, Mufti Muamer Zukorlic of the Islamic Community in Serbia (the older organization which acknowledges the authority of the Reis in Sarajevo) stated that his organization was the true representative of Islam in Serbia. Embassy participants observed that the Zilkic representative at the event, Mufti Muhamed usufspahic of Belgrade, showed clear deference to ukorlic.

Comment

112. (SBU) Serbia has traditionally lacked a responsible center-right party, and Kostunica's journey from national hero in 2000 to nationalist demagogue in 2008 prevented the DSS from assuming that role. Now, after the party's dismal performance in the 2008 elections, some members of the DSS yearn for the party to espouse pro-European, pro-business, conservative values and interests, but understand that Kostunica and his rabid nationalist acolytes stand in the way. None of the relatively progressive DSS members with whom we've spoken is yet ready to pull the knife on Caesar. But the longer they wait, the greater the possibility that the party could actually disappear. Evidence of this crisis: the DSS is now the only party in parliament actively resisting closer ties with the European Union, and this indicates a stunning misreading of public preferences in Serbia. Wiser DSS leaders know that the DSS has opportunities if it can resolve its leadership (and identity) crisis: Tadic's ruling coalition of the center-left has only a slim majority in parliament, and tensions between DS and its coalition partners SPS and G-17 Plus already beginning to show. We believe Serbia needs a responsible party on the right. Kostunica's fate will determine whether that responsible party is the DSS. End comment.

MUNTER